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Report Highlights:

Agriculture Minister predicts: GM veggies in India within 3 years, *Stand on climate change will not shift says India's Special Envoy Shyam Saran*, *Farm sector's share in GDP declines to 17 percent*, *Food chain to benefit from incentives for cold storage*, *Import of vegetable oils up by 31 percent in June 2009 – According to SEA*, *Basmati planting gets a boost despite deficient monsoon*, *CMIE lowers growth rate to 5.8 percent on poor monsoon*, *Opposition wants center to declare drought*, *GOI bans wheat exports*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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AGRICULTURE MINISTER PREDICTS: GM VEGGIES IN INDIA WITHIN 3 YEARS

In reply to a question raised in the Parliament, the Ministry of Agriculture announced that the government plans to introduce genetically modified (GM) foods like tomato, eggplant and cauliflower within the next three years. The three transgenic crops are currently at various stages of tests and developments in institutes across the country. Many experts feel India, which needs to feed an ever-growing population, cannot afford to overlook GM foods.

(Source: Times of India, 07/15/09)

STAND ON CLIMATE CHANGE WILL NOT SHIFT SAYS INDIA'S SPECIAL ENVOY SHYAM SARAN

Allaying fears that India has diluted its stand on climate change, Prime Minister's special envoy on Climate Change, Shyam Saran said that there was nothing in the declaration to suggest this. India's position remains unchanged: developed countries should take the lead in checking emissions. He said that India was committed to an ecologically sustainable growth path, but there can be no contradiction between poverty alleviation, economic and social development, and climate change. (Source: Hindu, 07/17/09)

FARM SECTOR'S SHARE IN GDP DECLINES TO 17 PERCENT

According to a latest government estimate, India's agriculture sector has accounted for only 16.6 percent of its gross domestic product (GDP) so far, during the current plant period (2007-12). The share of the farms sector in the GDP is down to 16.6 percent from 46.3 percent during the first plan period (1951-56), despite record production of farm commodities in the 2007/08 season. The declining share of farm sector in the GDP can be a major cause of concern for policy makers as the below-normal monsoon forecast has already affected production. Nearly 65 percent of the population is still dependent upon agriculture. According to an estimate by the Central Statistical Organization, the farm sector growth is expected to slow down to 2.6 percent in 2008/09 from 4.9 percent in 2007/08. (Source: The Financial Express, 07/11/09)

FOOD CHAIN TO BENEFIT FROM INCENTIVES FOR COLD STORAGE

Restaurants like Nirula's, Papa John's, Mc-Donalds and others stand to benefit from the incentives given to cold storage and refrigeration companies in the budget to develop infrastructure for transporting agricultural produce. These incentives are expected to attract more investments in cold storage infrastructure. India's Finance Minister has proposed that

capital expenditure for land, goodwill, and financial instruments to build and operate such facilities, should be fully tax deductible. India is the second largest producer of fresh fruits and vegetables in the world, and the proposal is aimed at reducing the wastage of perishables. (Source: The Business Standard, 07/13/09)

IMPORT OF VEGETABLE OILS UP BY 31 PERCENT IN JUNE 2009 – ACCORDING TO SEA

Overall imports of vegetable oil during November 2008 to June 2009; jumped by 63 percent to 5,823,864 tons from 3,567,123 tons for the same period of last year. Imports during June 2009 are reported at 780,679 tons compared to 593,730 tons for June 2008 i.e. up by 31 percent. Zero import duty on import of crude edible oils coupled with low international prices of edible oils will encourage larger imports in coming months. The erratic monsoon and likely lower kharif oilseeds crop will also further push imports in Sept/Oct months and overall imports are likely to be about 8 million tons for the current oil year as compared to 6.3 million tons imported last year. Import of palm oil in first eight months (Nov'08-June'09) is reported at 4.4 million tons compared to 2.7 million tons. Soft Oil is reported at 1.1 million tons (438,000 of sunflower oil and 660,500 tons of crude soybean oil) compared to 364,145 tons in last year. (Source: Press release, Solvent Extractors' Association of India, 07/14/09)

BASMATI PLANTING GETS A BOOST DESPITE DEFICIENT MONSOON

Deficient and delayed rains have brought down paddy transplantation in both Punjab and Haryana by 200,000 hectares to 3 million hectares. However, basmati plantings are expected to go up. For basmati, the transplanting window is open till end of July and even the first week of August while harvesting too can be stretched to mid of December. For regular (non-basmati) varieties, in the event of late rains; transplanting can not be extended beyond July 15, as flowering may coincide with low temperature during second half of September eventually resulting in green grains that are not marketable. The Joint Director (Statistics) of State's Department of Agriculture in Haryana stated that "Last year, of the total 1.21 million hectares paddy area in Haryana, basmati accounted for two-third or 798,000 hectares (including 300,000 hectares under Pusa-1121). This time overall area may paddy may drop to 1.15 million hectares, but basmati's share will easily top 70 percent, as stated by. (Source: Business Line, 07/06/09)

CMIE LOWERS GROWTH RATE TO 5.8 PERCENT ON POOR MONSOON

Economic think-tank, Centre for Monitoring Indian Economy (CMIE), HAS LOWERED India's real GDP growth figure to 5.8 percent from the earlier expectation of 6.6 percent due to failure of the monsoon in June. While the Union Budget for 2009-10 was expansionary and conducive

to growth, the delayed monsoon and the consequent 4.7 percent decline in agriculture is expected to shave off 0.8 percentage points from the GDP growth rate. The growth rate remains respectable in spite of two consecutive shocks within less than ten months of the global liquidity crisis in September and the failure of the monsoon in June. (Source: Financial Express, 07/07/09)

OPPOSITION WANTS CENTER TO DECLARE DROUGHT

Even as the government maintained that the monsoon is likely to get stronger over the next few weeks, the Opposition on Wednesday demanded the Central Government to declare a drought in the country and offer financial assistance to farmers who are dependant on the monsoon. A senior minister of UPA government admitted that the monsoon situation in the north-west is worrying and that the rains in July would not compensate for the shortfall in this region. He said that the progress of the rains was unlikely to be good in Punjab, Haryana, and eastern Uttar Pradesh as the monsoon had started moving away from the region. (Source: Mint: 07/06/09).

GOI BANS WHEAT EXPORTS

With grim monsoon situation, GOI through its official notification (No-117 (RE-2008)2004-2009 dated July 13th, 2009) had put a ban on export of wheat through three state trading companies within 10 days of allowing exports of wheat and wheat products. Earlier GOI through its official notification (Notification No 115 (RE-2009)/2004-2009) dated July 3, 2009, permitted exports (without any government subsidy) of 900,000 tons of wheat through three public sector trading companies up to March 31, 2010. (Source: Information compiled by Post).

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